

## Message Text

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47

ORIGIN L-02

INFO OCT-01 ARA-06 ISO-00 EB-07 COME-00 IO-10 JUSE-00

TRSE-00 OPIC-03 AID-05 SSO-00 INRE-00 NSCE-00 USIE-00

CIAE-00 DODE-00 PM-03 H-02 INR-07 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 /070 R

DRAFTED BY L/ARA:DAGANTZ

APPROVED BY L:MONROE LEIGH

L:MBFELDMAN

EB/IFS/OIA:RJSMITH (DRAFT)

EB/ORF/FSE:LGBUTCHER (DRAFT)

ARA:WHLUERS

----- 018344

O R 221729Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

INFO AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY LIMA

C O N F I D E N T I A L STATE 119767

E.O. 11652: GDS

TAGS: PFOR, BBAK

SUBJECT: GULF OIL - RESPONSE TO VENEZUELAN NOTE

REF: A. STATE 114551 B. STATE 114202 C. STATE 117583

FOR AMBASSADOR

1. AS EMB AWARE, ON MAY 15 DEPT ISSUED GENERAL PUBLIC STATEMENT ON BRIBERY PROBLEM (REF A). GULF OIL BRIBERY ISSUE WAS NOT REPEAT NOT RAISED WITH ESCOVAR IN HIS MTGS WITH SECRETARY, ALTHOUGH IT WAS DISCUSSED IN CONVERSATION BETWEEN ESCOVAR AND DEPUTY ASSISTANT SECRETARY LUERS (REF C), AND DEPUTY SECRETARY TOLD ESCOVAR WE WOULD BE CONFIDENTIAL

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SENDING A REPLY NOTE. NOW THAT ESCOVAR HAS RETURNED TO CARACAS, WE BELIEVE IT DESIRABLE THAT EMB RESPOND TO GOV'S NOTE OF MAY 7 BOTH ORALLY AND IN WRITING. NOTE GIVEN PARA 2 BELOW IS DESIGNED TO CLARIFY US POSITION IN

THESE MATTERS.                      HOWEVER,  
IN PRESENTING NOTE, AMB IS REQUESTED TO MAKE THE  
ADDITIONAL POINTS DISCUSSED PARA 3 BELOW.

2. FOLLOWING IS PROPOSED TEXT OF NOTE:

QUOTE:

I HAVE THE HONOR TO ACKNOWLEDGE RECEIPT OF YOUR NOTE OF  
MAY 7, 1975. WITH REGARD TO YOUR REQUEST FOR THE GOOD  
OFFICES OF THE UNITED STATES GOVERNMENT IN CLARIFYING CER-  
TAIN ACCUSATIONS INVOLVING THE GULF OIL COMPANY WHICH DOES  
BUSINESS IN VENEZUELA, I UNDERSTAND THAT THE COMPANY HAS  
SINCE CLARIFIED THIS MATTER IN A COMMUNICATION TO THE  
PRESIDENT OF VENEZUELA.

I WOULD ALSO LIKE TO TAKE THIS OPPORTUNITY TO CLARIFY THE  
POSITION OF THE U.S. GOVERNMENT IN DIFFICULT MATTERS SUCH  
AS THESE RECOGNIZING, AS DOES THE GOVERNMENT OF VENEZUELA,  
THAT THEY ARE ESSENTIALLY BETWEEN THE PRIVATE COMPANY AND  
THE FOREIGN COUNTRY. THE UNITED STATES GOVERNMENT CANNOT  
AND DOES NOT CONDONE ILLEGAL ACTIVITIES BY U.S. ENTER-  
PRISES ABROAD. THE UNITED STATES DISAPPROVES OF SUCH  
ACTIONS BY U.S. CORPORATIONS IN THE STRONGEST TERMS. ANY  
UNITED STATES INVESTOR WHO MAKES UNLAWFUL PAYMENTS TO  
OFFICIALS OF FOREIGN GOVERNMENTS CANNOT LOOK TO THE STATE  
DEPARTMENT TO PROTECT IT FROM LEGITIMATE LAW ENFORCEMENT  
ACTIONS BY THE RESPONSIBLE AUTHORITIES OF EITHER THE HOST  
COUNTRY OR THE UNITED STATES.

IN THIS LATTER RESPECT, THE U.S. GOVERNMENT WOULD ASSUME  
THAT THE INVESTIGATION AND PROSECUTION OF SUCH OFFENSES BY  
FOREIGN AUTHORITIES WILL BE IN ACCORDANCE WITH USUAL PRO-  
CEDURAL AND SUBSTANTIVE SAFEGUARDS AND THAT THE  
PENALTIES WILL NOT BE DISPROPORTIONATE TO THE OFFENSE.  
EVEN THOSE PERSONS OR FIRMS THAT MAY BE CHARGED WITH  
IMPROPER CONDUCT ARE ENTITLED TO BE TREATED FAIRLY AND  
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IN ACCORDANCE WITH INTERNATIONAL LAW.

IN ANY EVENT, MY GOVERNMENT IS PLEASED THAT THE ACTIONS  
TAKEN BY GULF IN RESPONSE TO THE GOV REQUEST HAVE RESOLVED  
THE MATTER TO THE SATISFACTION OF THE GOV.

END QUOTE.

3. OUR REAL CONCERN IN THIS CASE IS TWO-FOLD: (A) WE SEE  
PARA 6 OF THE NOTE AS A SUBTLE SUGGESTION THAT VENEZUELA,  
DESPITE PRIOR ASSURANCES, MIGHT BE CONSIDERING USE OF  
PETROLEUM AS POLITICAL WEAPON, AND (B) WE ARE CONCERNED  
ABOUT THE 48-HOUR ULTIMATUM GIVEN TO GULF TO RESPOND

SATISFACTORILY TO GOV REQUEST ON PENALTY OF SUSPENSION.  
ON FIRST POINT, YOU SHOULD SIMPLY INDICATE THAT WE HAVE  
APPRECIATED GOV ASSURANCES IN THE PAST THAT PETROLEUM WILL  
NOT BE USED AS A POLITICAL WEAPON. THUS, WE ASSUME THAT  
THE VENEZUELAN NOTE, PARTICULARLY PARA 6, WAS NOT INTENDED  
AS ANY DEPARTURE FROM THIS POSITION.

4. REGARDING THE ULTIMATUM YOU SHOULD SAY, AFTER  
REFERRING TO THE PARAGRAPHS OF THE NOTE WHICH STATE U.S.  
POSITION WITH RESPECT TO TREATMENT TO U.S. COMPANIES THAT  
ARE CHARGED WITH IMPROPER ACTIONS, THAT THE USG IS SUR-  
PRISED AND CONCERNED THAT THE GOVERNMENT OF VENEZUELA  
WHICH IN THE PAST HAS DEVELOPED A STRONG JUDICIAL TRADI-  
TION FOR DUE PROCESS OF LAW SHOULD BY MEANS OF A 48-HOUR  
ULTIMATUM PROPOSE WHAT APPEARS TO BE EXTRA JUDICIAL  
SANCTIONS SUCH AS SUSPENSION OF AN AMERICAN COMPANY'S  
RIGHT TO OPERATE, ON THE BASIS OF UNADJUDICATED CHARGES  
OF IMPROPER ACTION. IN THIS CONNECTION YOU SHOULD  
EMPHASIZE THE VIEW OF THE USG THAT AMERICAN NATIONALS,  
INCLUDING COMPANIES, MAY NOT BE DEPRIVED OF THEIR RIGHTS  
UNDER INTERNATIONAL LAW MERELY UPON ALLEGATIONS OF WRONG  
DOING AND IN ADVANCE OF JUDICIAL DETERMINATION OF THE  
MERITS OF THE CHARGES. YOU SHOULD INDICATE OUR ASSUMPTION  
THAT VENEZUELA HAS PENAL LAWS DESIGNED TO DEAL WITH  
BRIBERY OR OTHER OFFENSES PROHIBITED UNDER VENEZUELAN LAW,  
AND OUR UNEASINESS THAT WHEN FACED WITH PUBLICITY  
REGARDING ALLEGED GULF ACTIVITIES, GIV CHOSE TO FOLLOW A  
DIFFERENT PROCEDURE. OTHER COUNTRIES HAVE EMULATED GOV  
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APPROACH WITH RESULTS THAT ARE UNFAIR TO GULF.

5. YOU MAY DRAW ON INFORMATION PROVIDED REF B IN  
RESPONDING TO OTHER ISSUES RAISED BY GOV. INGERSOLL

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<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
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**Concepts:** BRIBERY, BUSINESS FIRMS, CORRUPTION, DIPLOMATIC DISCUSSIONS, DIPLOMATIC NOTES, POLITICAL LEADERS, PRESS RELEASES  
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**To:** CARACAS INFO LA PAZ  
QUITO  
LIMA  
**Type:** TE  
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